

**Statement Prepared for Larry L. Lanzillotta  
Principal Deputy Under Secretary of Defense (Comptroller) and  
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Hearing on Freezing, Seizing, and Repatriating Saddam's Money to the Iraqis  
House Financial Services Committee  
Subcommittee on Oversight and Investigations  
14 May 2003**

Madame Chairwoman and Members of the Subcommittee: We appreciate this Subcommittee's interest in the disposition of Saddam Hussein's assets and returning these assets to the Iraqi people. I welcome the opportunity to summarize the role of the Department of Defense in this area as well as to discuss our procedures pertaining to the administration, use, and accounting of vested and seized Iraqi property.

Now that the regime of Saddam Hussein no longer rules Iraq, it is the primary aim of the Department of Defense to take all measures necessary toward ensuring much-needed humanitarian and reconstruction assistance is brought to the Iraqi people so that they can begin rebuilding their lives and country after decades of oppression. Towards this end, the Department is committed to using Iraqi state- and regime-owned property that has been vested in the U. S. Treasury from banking accounts in the U.S., and State- and regime-owned cash, funds or realizable securities found and seized in Iraq to assist the Iraqi people and assist in the reconstruction of their country.

It is important to distinguish between Iraqi government and regime-owned property confiscated and vested in the United States pursuant to the International Emergency and Economic Powers Act (IEEPA) versus Iraqi government and regime-owned property seized by U.S. troops pursuant to the laws and usages of war.

Vested Property. On March 20, 2003, the President, acting pursuant to IEEPA, confiscated and vested in the Secretary of the Treasury \$1.7 billion in Iraqi government assets to be used to assist the Iraqi people and to assist in the reconstruction of Iraq. The Secretary of the Treasury has subsequently designated the Secretary of the Defense with the authority to use \$91,648,000 of this property. On April 30, 2003, the President confirmed the authority of the Secretary of Defense, under the laws and usages of war, to seize, sell, administer or use state- or

regime- owned cash, funds or realizable securities in Iraq. The President specified that this property shall be used only to assist the Iraqi people and support the reconstruction of Iraq.

The Department of Defense is dedicated to working with other affected U.S government agencies to ensure that vested and seized property are subject to rigorous procedures that ensure that such property is properly safeguarded, and accounted for, audited and used only to assist the Iraqi people and assist in the reconstruction of Iraq.

Presently, the Department, in collaboration with such U.S. Government entities as the Department of Treasury and the Office of Management and Budget has developed procedures for administering, using and accounting for assets vested pursuant to IEEPA. These procedures outline, for example, the manner in which vested property will be secured, transported, accounted for, disbursed, used and audited to ensure it is applied as authorized by law and approved by the President. To date, nearly \$22.8 million in vested assets have been used to assist the Iraqi people and assist in reconstruction efforts. These vested funds have been used to make greatly needed emergency payments to Iraqi civil servants and pensioners, to help pay start-up costs of Iraqi Ministries, and to provide other forms of immediate-impact humanitarian assistance.

Seized Property. With regard to state- and regime-owned property seized in Iraq, the Department is in the process of developing, in coordination with other affected government agencies, procedures similar to those used for vested assets regarding safeguarding, auditing, accounting for and using such property to ensure its use as authorized by law and approved by the President. The procedures will specify, among other things, that seized state- and regime-owned property shall be held on behalf of and for the benefit of the Iraqi people and shall only be used to assist the Iraqi people and support the reconstruction of Iraq. The procedures will also ensure that determinations of whether property found in Iraq is public or private are made in accordance with applicable domestic and international law.

In summary, the Department of Defense is deeply committed to ensuring that vested and seized assets of Saddam Hussein's regime are used in accordance with law and rigorous accounting and auditing procedures, and only to assist the Iraqi people and assist in the reconstruction of Iraq.